

DISCLAIMER

This electronic version of an SCC order is for informational purposes only and is not an official document of the Commission. An official copy may be obtained from the [Clerk of the Commission, Document Control Center](#).

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 28, 2000

APPLICATION OF

NORTHERN NECK WATER, INC.

CASE NO. PUE000169

For a certificate of public
convenience and necessity and
for authority to acquire certain
water utility assets

FINAL ORDER

On March 23, 2000, Northern Neck Water, Inc. ("Northern Neck" or "the Company"), filed an application for a certificate of public convenience and necessity to provide water service to the subdivisions of Townfield in Caroline County, Virginia, Horners Beach in Westmoreland County, Virginia, and Lewisetta and White Sand Harbour in Northumberland County, Virginia.

On May 17, 2000, the Company amended its application to request authority pursuant to §§ 56-88 et seq. and 56-265.2 of the Code of Virginia for the transfer of certain water utility facilities. Specifically, the Company proposed to acquire from Potomac Supply Corporation the water utility assets in the subdivisions of General Parker Shores, Sandy Point, and Springfield Beach in Westmoreland County, Virginia, and to acquire from Everett L. Goddard, Inc., the water utility assets in the Bells Cove subdivision in Northumberland County,

Virginia. The Company also requested authority to provide water service to those subdivisions.

Northern Neck also requested approval of its tariff. The Company proposed the following connection fees for all subdivisions except White Sand Harbour: a \$2,000 fee for a 3/4-inch service connection; and a fee equal to the actual cost to the Company, plus gross-up for taxes and applicable charges, for a service connection over 3/4 inches.

Northern Neck also proposed a minimum service charge of \$20.00 per month for Horners Beach, \$25.00 per month for Lewisetta, \$25.00 per month for Bells Cove, White Sand Harbour, and Townfield, and \$35.00 per month for General Parker Shores, Sandy Point, and Springfield Beach. The Company renders its bills quarterly in advance.

The Company proposed a customer deposit not to exceed a customer's estimated liability for two months' usage. In addition, the Company proposed a turn-on charge of \$60.00 during regular business hours, or \$120.00 at any other time when service has been disconnected for violation of the Company's rules and regulations of service or for non-payment of any bill. Northern Neck also proposed a late payment charge of 1½% per month, a bad check charge of \$6.00, and \$120.00 charge for meter removal.

On June 12, 2000, the Commission issued an Order directing Northern Neck to give its customers and public officials within its service area notice of its application and to provide interested persons with an opportunity to comment and/or request a hearing on or before July 24, 2000. The Commission also directed its Staff to review and analyze the Company's application and to file a report detailing its findings and recommendations. In addition, the Commission directed the Company to submit certain accounting data to the Commission's Division of Public Utility Accounting on or before April 2, 2001.

On August 7, 2000, Staff filed its Report. Staff noted that there were no comments or requests for hearing. Staff recommended approval of the proposed acquisition of water facility assets by Northern Neck. Staff recommended that the Commission grant Northern Neck a certificate of public convenience to provide water service and approve its proposed rates, charges, fees, and rules and regulations of service with the exception of the meter removal charge. Since the Company does not meter customer usage, Staff suggested that the Rule No. 14(b) pertaining to such charge be deleted from its tariff. Additionally, Staff recommended further review of Northern Neck's water rates after the required financial information is

submitted to the Division of Public Utility Accounting on or before April 2, 2001.

Staff also recommended approval of the proposed asset transfer with a Report of Action submitted to the Director of Public Utility Accounting within sixty (60) days of closing of such acquisition. In its Report, Staff found that the proposed transfer would have no adverse impact on the provision of adequate service to the public at just and reasonable rates. Staff noted that the Company plans to invest approximately \$45,000.00 to improve service quality and to comply with Virginia State Health Department Permit regulations.

The improvements made to the Sandy Point, Springfield, and General Parker Shores water systems will not increase the current \$35.00 water rates for customers of those subdivisions. The additional investment into the Bells Cove water system will, however, increase such customers' rates from \$19.94 per month to \$25.00 per month. Staff also noted that Northern Neck represents that, because it has extensive knowledge and experience in the water business, it will be able to operate the water system without relying on costly operation by outside contractors.

By letter dated August 14, 2000, the Company accepted the Staff recommendations as detailed in its Report.

NOW THE COMMISSION, having considered the application, Staff's Report, and applicable law, is of the opinion that the above-captioned application should be approved. We find that the public convenience and necessity requires that Northern Neck acquire Sandy Point, Springfield Beach, General Parker Shores, and Bells Cove water systems. We also believe that such transfers will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates.

Moreover, we find that it is in the public interest for Northern Neck to provide water service to the subdivisions referenced herein and that its proposed rates do not appear unjust and unreasonable. We will, therefore, approve those rates and will approve the Company's proposed charges, fees, and rules and regulations of service, subject to the modification recommended by Staff. Following the submission of financial data detailed in our Order of June 12, 2000, we will require our Staff to conduct an audit of Northern Neck's books and records and to file a report detailing its findings and recommendations.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, Potomac Supply Corporation is hereby granted authority to sell and to convey to Northern Neck the assets of the Sandy Point, Springfield Beach, and General Parker Shores water systems, and Everett L. Goddard, Inc., is hereby granted

authority to sell and to convey to Northern Neck the assets of the Bells Cove water system, as described in the application.

(2) Northern Neck is hereby authorized to acquire from Potomac Supply Corporation the existing assets of the Sandy Point, Springfield Beach, and General Parker water systems, and to acquire from Everett L. Goddard, Inc., the existing assets of the Bells Cove water system.

(3) The granting of the above-referenced authority shall have no ratemaking implications.

(4) The Company shall submit a Report of Action to the Commission's Director of Public Utility Accounting no later than October 31, 2000; such Report shall detail the date of transfer, sales price, and accounting entries reflecting the transfer.

(5) Northern Neck Water, Inc., shall be granted a certificate of public convenience and necessity, Certificate No. W-302, authorizing it to provide water service to the above-referenced subdivisions in the counties of Caroline, Westmoreland, and Northumberland in Virginia.

(6) The Company's proposed rates, charges, fees, and rules and regulations of service are hereby approved, subject to the modification recommended by Staff.

(7) Staff shall conduct an audit of Northern Neck's books and records and shall file a Report detailing the results of its investigation on or before June 29, 2001.

(8) This case shall be continued generally.